

**FOR CLERK USE ONLY**

City Council

Item No. 7

CITY COUNCIL AGENDA FACT SHEET

Finance
DepartmentSeptember 7, 2010
Requested Date**1. Request:**

Council Approval

☒Information Only/
Presentation☐

Other (specify)

☐

Hearing

☐**2. Requested Action:**

1) Adopt Resolution No. 10-___ Amending Resolution No. 06-71, authorizing examination of the sales and use tax records; and 2) amending the contract with Hinderliter, de Llamas & Associates for sales tax audit, recovery, and other optional services.

3. Fiscal Impact:

Revenue:

Increase

☒

Source:

General Fund

Decrease

☐

Amount:

\$ 3600

Cost:

Increase

☐

Source:

Decrease

☐

Amount:

Does Not Apply ☐ Recovery Fee dependent on discovery of non-compliance.**4. Reviewed By:**

Finance Dept. on

8/25/2010

By:

Comments:

Recovery fee is dependent on discovery of non-compliance, therefore, any additional cost is unknown at this time.

City Attorney on

By:

Comments:

Note: Back up must be submitted along with this form. Deadline is 5:00 p.m., 2 Fridays before the scheduled meeting date.

CLERK USE ONLY:

CITY COUNCIL DATE:

7-Sep-10

Action

☒

Filing

☐

Consent

☐

Presentation

☐

Hearing

☐

Other(specify)

☐

Reviewed by: City Clerk

Date

City Manager

Date

CITY COUNCIL AGENDA REPORT

SUBJECT: ADOPT RESOLUTION NO. 10-___ AMENDING RESOLUTION NO. 06-71 AUTHORIZING EXAMINATION OF THE SALES & USE TAX RECORDS AND AMENDING THE AGREEMENT WITH HINDELITER, DE LLAMAS & ASSOCIATES FOR AUDIT AND RECOVERY SERVICES.

AGENDA DATE: September 7, 2010

PREPARED BY: Judith Hashem, Finance Director

APPROVED FOR AGENDA BY: Victor M. Carrillo, City Manager

RECOMMENDATION: City Council is requested to take the following action:

- 1. Adopt the attached Resolution No. 10-___ amending Resolution No. 06-71 authorizing examination of the sales and use tax records; and**
- 2. Amending the contract with Hinderliter, de Llamas & Associates for sales tax audit and recovery and other optional services.**

FISCAL IMPACT: The professional services contract for HDL was approved by City Council September 1, 1992 at a base fee of \$300 per month. The current fee charged by the firm for the basic and optional services as listed in the contract has not changed. Additionally, included in the contract is a fee of 15% based on new revenue generated by the audit and recovery work performed by HDL. The fee is applicable only to those quarter reallocations prior to the audit and the first 8 consecutive reporting quarters after the audit.

BACKGROUND INFORMATION:

The basic services include auditing of State Board of Equalization records and the recovery of taxes for the City of Callexico to ensure local sales activity is reflected accurately. Additionally HDL prepares and submits paperwork to the SBOE necessary to recover the lost revenue to the City. These services generate additional sales tax for the City of Callexico, which benefit the general fund.

The "optional services" consists of confidential reports that are provided to certain authorized individuals in the City for use in budgeting, identifying business sectors, changes in major business types, trend analysis, comparisons with County and state wide sales, use of HDL computer program to verify sellers' permit information, gross receipts, projections on taxes for specific types of proposed development projects, and other assistance as specified in the contract. In addition, HDL meets quarterly with the City staff to review the reports.

The contract includes the Redevelopment Agency as participating in and having access to this confidential information for its use in economic development. Presently only 4

designated individuals have access to the specifics of this confidential information including the City Manager, Finance Director, Revenue Officer, and RDA Assistant Executive Director.

The City Council passed Resolution No. 06-71 on November 21, 2006, authorizing examination of the sales and use tax records and Resolution No. 10-91, on August 3, 2010 authorizing examination of the transactions and use tax (Measure H) records. These resolutions provide that certain staff of the City and Redevelopment Agency have authority to examine confidential sales and use tax and transaction tax records.

The attached amendment to the Agreement and Resolution No. 10-___ are presented for the purpose of excluding the Redevelopment Agency from access to these confidential records. For Fiscal Year 2010-11 the entire base fee of \$3600 was budgeted from the Redevelopment and Housing Administration funds. The Redevelopment Agency, due to budget constraints, no longer wishes to participate in this agreement and has excluded the cost of this agreement from their adopted budget. The City cannot afford to eliminate these valuable services so we are recommending the entire cost be included in the general fund.

DOCUMENTS ATTACHED:

1. Resolution No. 06-71
2. Resolution No. 10-_____
3. 1992 Hindeliter, de Llamas & Associates Agreement
4. Contract Amendment

Agenda Item No. _____

Page _____ Of _____

RESOLUTION NO. 10-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO AMENDING RESOLUTION NO. 06-71, AUTHORIZING EXAMINATION OF SALES AND USE TAX RECORDS.

WHEREAS, Resolution No. 06-71 adopted by the City Council on November 21, 2006 designated in writing to the State Board of Equalization that the City Manager, Finance Director, Finance Manager, Redevelopment Agency Director, and Revenue Officer shall represent the City with authority to examine sales and use tax records of the Board collected for the City by the Board, pursuant to the contract between the City and the Board, and to be used only for purposes related to the collection of City sales and use taxes by the Board pursuant to that contract; and

WHEREAS, the City Manager, Finance Director Finance Manager, Redevelopment Agency Director and Revenue Officer have been designated in writing to the Board and were appointed to represent the City with authority to examine those sales and use tax records of the Board, for purposes related to certain governmental functions; and

WHEREAS, the Hinderliter, de Llamas and Associates (HdL) is the designated contractor to examine the sales and use tax records of the Board pertaining to sales and use taxes collected by the Board ; and

WHEREAS, only those certain designated City positions shall have access to the information obtained by Hinderliter, de Llamas and Associates for the purposes relating to the governmental functions of the City; and

WHEREAS, the Redevelopment Agency no longer wishes to participate in the sharing of confidential information provided by the State Board of Equalization and Hinderliter, de Llamas and Associates as a result of budget and financial constraints.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Calexico does hereby exclude the Redevelopment Agency Director from all confidential sales and use tax records as provided in Resolution No. 06-71.

PASSED, APPROVED, AND ADOPTED this 7th day of September, 2010.

JOHN MORENO, Mayor

Attest:

Lourdes Cordova, City Clerk

Approved as to Form:

Jennifer Lyon, City Attorney

State of California)
County of Imperial) ss
City of Calexico)

I, Lourdes Cordova, City Clerk for the City of Calexico do hereby certify the foregoing Resolution No. 10- ____ was adopted by the City Council in a regular session held on the 7th day of September 2010 by the following vote to-wit:

AYES:

NOES:

ABSENT:

Lourdes Cordova, City Clerk

RESOLUTION NO. 06-71

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO AUTHORIZING EXAMINATION OF SALES AND USE TAX RECORDS.

WHEREAS, pursuant to Ordinance No. 666, Section 3.20.040 the City of Calexico entered into a contract with the State Board of Equalization to perform all functions incident to the administration and collection of local sales and use taxes; and

WHEREAS, the City Council of the City of Calexico deems it desirable and necessary for authorized representatives of the City to examine confidential sales and use tax records of the State Board of Equalization pertaining to sales and use taxes collected by the Board for the City pursuant to that contract; and

WHEREAS, Section 7056 of the California Revenue and Taxation Code sets forth certain requirements and conditions for the disclosure of Board records, and establishes criminal penalties for the unlawful disclosure of information contained, or derived from the sales and use tax records of the Board.

NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF CALEXICO HEREBY RESOLVES AS FOLLOWS:

Section 1. That the City Manager, Finance Director, Finance Manager, Redevelopment Agency Director and Revenue Officer designated in writing by the City Manager to the State Board of Equalization (hereafter referred to as Board) are hereby appointed to represent the City with authority to examine sales and use tax records of the Board pertaining to sales and use taxes collected for the City by the Board pursuant to the contract between the City and the Board. The information obtained by examination of Board records shall be used only for purposes related to the collection of City sales and use taxes by the Board pursuant to that contract.

*Section 2. That the City Manager, Finance Director, Finance Manager, Redevelopment Agency Director and Revenue Officer designated in writing by the City Manager to the Board, are hereby appointed to represent the City with authority to examine those sales and use tax records of the Board, for purposes related to the following governmental functions of the City:

- (a) Comparison with business licenses

The information obtained by examination of Board records shall be used only for those governmental functions of the City listed above.

*Section 3. That Hinderliter, de Llamas and Associated (HdL) is hereby designated to examine the sales and use tax records of the Board pertaining to sales and use taxes collected for the City by the Board. The person or entity designated by this section meets all of the following conditions:

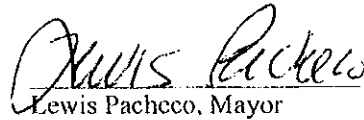
- a) has an existing contract with the City to examine those sales and use tax records;
- b) is required by that contract to disclose information contained in, or derived from, those sales and use tax records only to the officer or employee authorized under Section 1 (*or Section 2) of this resolution to examine the information.

- c) is prohibited by that contract from performing consulting services for a retailer during the term of that contract; and
- d) is prohibited by that contract from retaining the information contained in, or derived from those sales and use tax records, after that contract has expired.

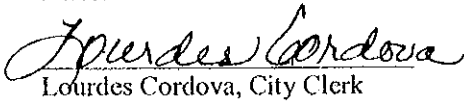
The information obtained by examination of Board records shall be used only for purposes related to the collection of City sales and use taxes by the Board pursuant to the contract between the City and the Board (*and for purposes relating to the governmental functions of the City listed in Section 2 of this resolution).

*Section 4. That this resolution supercedes all prior resolutions of the City Council of the City of Calexico adopted pursuant to subdivision (b) of Revenue and Taxation Code Section 7056.

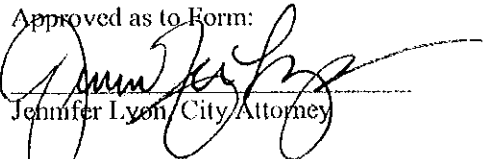
Passed, Approved and Adopted this 21st day of November, 2006.


Lewis Pacheco, Mayor

Attest:


Lourdes Cordova, City Clerk

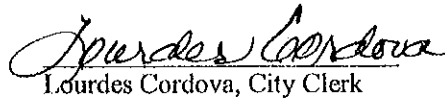
Approved as to Form:

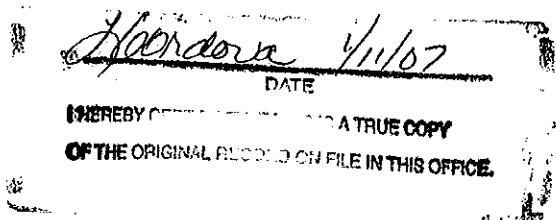

Jennifer Lyon, City Attorney

State of California)
County of Imperial) ss
City of Calexico)

I, Lourdes Cordova, City Clerk for the City of Calexico do hereby certify that the foregoing Resolution No. 06-71 was approved by the City Council at a regular meeting held on the 21st day of November, 2006 by the following vote to-wit:

AYES:	Fuentes, Ouzan, Pacheco, Renison, Durazo
NOES:	None
ABSENT:	None


Lourdes Cordova, City Clerk



AMENDMENT TO SALES TAX AUDIT AND INFORMATION SERVICES AGREEMENT

THIS AMENDMENT TO THE AGREEMENT is made and entered into on this ____ day of September 2010, by and between the City of Calexico ("City"), a California municipal corporation and HINDERLITER, DE LLAMAS AND ASSOCIATES, a California Corporation, ("Contractor").

RECITALS

A. The City and Hinderliter, de Llamas and Associates ("Contractor") entered into that certain agreement, dated September 1st, 1992 ("Sales Tax Audit and Information Services Agreement"), whereby Contractor shall provide certain services in connection with audit, recovery, and optional services in regards to confidential State Board of Equalization information pertaining to sales and use tax; and

B. The City no longer wishes to include the Redevelopment Agency in this service agreement, including access to any confidential information that is provided by Contractor.

AGREEMENT

The City and Contractor agree as follows:

1. Amendment of Section B of Optional Services is amended to read as follows:
"At City's option and on written request from the City Manager:"

Section B.3) is amended in its entirety to read as follows:

"Contractor will additionally provide an analysis for the city to share with Chambers of Commerce and other interest groups that analyze City's sales tax trends by major groups, and geographic areas without disclosing confidential information."

Section B.6) is amended in its entirety to read as follows:

"Contractor shall work with the City Staff on questions related to tenant mix alternatives for maximum sales tax returns; advise City business license staff on utilization of reports to enhance business license collection efforts; provide sales tax projections on specific projects and for City budget purposes; and provide sample reports, letters and programs to enhance the sales tax base through improved economic development efforts."

2. Amendment of Section B of Consideration is amended to read as follows:

“Upon written request of the City, Contractor shall establish the sales tax and audit data bases and shall provide the optional services referenced above for a fee of \$300 per month, invoiced quarterly (hereafter referred to as “monthly fee”).

2. Continuing Effect. Except as expressly modified or amended by this Amendment, all terms and provisions of the Sales Tax Audit and Information Services Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first written above.

CITY OF CALEXICO:

CONSULTANT:

Victor M. Carrillo
City Manager

APPROVED AS TO FORM:

ATTEST:

Jennifer M. Lyon
City Attorney

Lourdes Cordova
City Clerk

AGREEMENT FOR SALES TAX AUDIT AND INFORMATION SERVICES

This Agreement is made and entered into as of the 1st day of SEPTEMBER, 1992 by and between the CITY OF CALEXICO, a municipal corporation hereinafter called CITY, and HINDERLITER, DE LLAMAS AND ASSOCIATES a California Corporation, hereinafter called CONTRACTOR.

RECITALS

WHEREAS, sales tax revenues can be increased through: a system of continuous monitoring, identification and correction of "point of sale" allocation errors and;

WHEREAS, City desires to provide for the examination of its sales tax allocations and receipts to ensure that "point of sale" is being properly recorded to city and to recover revenues erroneously allocated to other jurisdictions and allocation pools; and

WHEREAS, Contractor has the programs, equipment and personnel required to deliver the sales tax services referenced herein;

THEREFORE, City and Contractor, for the consideration hereinafter described, mutually agree as follows:

SERVICES

The Contractor shall perform the following services:

A. Allocation Audit and Recovery

1. Contractor shall conduct an initial and on-going sales tax audit in order to identify and correct "point-of-sale" distribution errors and thereby generate previously unrealized sales tax income for the City. Common errors that will be monitored and corrected include: transposition errors resulting in misallocations; erroneous consolidation of multiple outlets; misreporting of "point of sale" from the wrong location; delays in reporting new outlets; misidentifying transactions as a "use tax" rather than a "sales tax," and erroneous fund transfers and adjustments.

2. Contractor will initiate contacts with the appropriate sales management and accounting officials in companies that have businesses where a probability of error exists to verify whether current tax receipts accurately reflect the local sales activity. Such contracts will be conducted in a manner to encourage local business retention and expansion.

3. Contractor shall prepare and submit to the Board of Equalization all information necessary to correct any allocation errors that are identified and shall follow-up with the individual businesses and the State Board of Equalization to ensure that all back quarter payments due the City are recovered.

4. If during the course of its audit, Contractor finds businesses located in the City that are properly reporting sales tax but have the potential for modifying their operation to provide an even greater share to the City, Contractor will work with those businesses and the City to encourage such changes.

B. Optional Services

At city's option and on written request from the City Manager and/or Redevelopment Agency Director:

1. Contractor shall establish a special data base that identifies the name, address and quarterly allocations of the major sales tax producers within the City for the most current and previous four quarters from the date of this agreement. Major sales tax producers are defined as those businesses meeting a quarterly revenue threshold determined by City. Since 100% of the business outlets registered with the Board of Equalization are tracked monthly, this major producers data base is designed to highlight the activities of major businesses. A second data base covering the same period will be established showing total sales tax receipts for each business category identified by the Board of Equalization. These data bases will be utilized to generate special reports to the City on: major sales tax producers by rank and category, analysis of sales tax activity by category and business districts or redevelopment areas specified by City, analysis of reporting aberrations, and per capita and outlet comparisons with state wide sales.
2. Contractor shall provide up-dated reports each quarter identifying changes in sales by major outlets and by category; area growth and decline comparisons; and current graphics, tables, and top 100 listings. Quarterly aberrations due to State audits, fund transfers, and receivables along with late or double payments will be identified.
3. Contractor will additionally provide an analysis for the City or its Redevelopment Agency to share with Chambers of Commerce and other economic development interest groups that analyze City's sales tax trends by major groups, and geographic areas without disclosing confidential information.

4. Contractor will provide annual reports for the Administrator and City Council identifying historical growth comparisons with state, county, selected city averages and C.P.I. indices; top producer listings and make up and volatility of the economic base. Annual reconciliation worksheets to assist Finance Officers with budget forecasting will also be provided.

5. Contractor shall make available to City Staff the HdL DATA computer program and data base containing sellers permit information for all in-city business outlets registered with the Board of Equalization. In addition, contractor shall process for City the monthly registration and allocation files provided by the Board in magnetic media. Printouts of registration changes and dollars allocated by business name and number will be provided from these files on a monthly basis.

6. Contractor shall work with City and City Redevelopment Agency Staffs on questions related to tenant mix alternatives for maximum sales tax returns; advise City business license staff on utilization of reports to enhance business license collection efforts; provide sales tax projections on specific projects for redevelopment negotiation and city budget purposes; and provide sample reports, letters and programs to enhance the sales tax base through improved economic development efforts.

CONFIDENTIALITY

Section 7056 of the State of California Revenue and Taxation code specifically limits the disclosure of confidential taxpayer information contained in the records of the State Board of Equalization. This section specifies the conditions under which a City may authorize persons other than City officers and employees to examine State Sales and Use Tax records.

The following conditions specified in Section 7056 (b), (1) of the State of California Revenue and Taxation Code are hereby made part of this contractual agreement.

- A. Contractor is authorized by this Agreement to examine sales and use tax records of the Board of Equalization provided to City pursuant to contract under the Bradley-Burns Uniform Sales and Use Tax Law.
- B. Contractor is required to disclose information contained in, or derived from, those sales and use tax records only to an officer or employee of the City who is authorized by resolution to examine the information.
- C. Contractor is prohibited from performing consulting services for a retailer, as defined in California Revenue & Tax Code Section 6015, during the term of this agreement.
- D. Contractor is prohibited from retaining the information contained in, or derived from those sales and use tax records, after this Agreement has expired. Information obtained by examination of board records shall be used only for purposes related to collection of local sales and use tax or for other governmental functions of the City as set forth by resolution adopted pursuant to Section 7056 (b) of the Revenue and Taxation Code. The resolution shall designate the Contractor as a person, authorized to examine sales and use tax records and certify that this Agreement meets the requirements set forth above and in Section 7056 (b), (1) of the Revenue and Taxation Code.

PROPRIETARY INFORMATION

In performing its duties under this contract, Contractor will produce reports, technical information and other compilations of data to City. These reports, technical information and

compilations of data are derived by Contractor using methodologies, formulae, programs, techniques and other processes designed and developed by Contractor at a substantial expense. Contractor's reports, technical information, compilations of data, methodologies, formulae, programs, techniques and other processes designed and developed by Contractor shall be referred to as Proprietary Information. Contractor's Proprietary Information is not generally known by the entities with which Contractor competes.

Contractor desires to protect its Proprietary Information. Accordingly, City agrees that neither it nor any of its employees, agents, independent contractors or other persons or organizations over which it has control, will at any time during or after the term of the Agreement, directly or indirectly use any of Contractor's Proprietary Information for any purpose not associated with Contractor's activities. Further, City agrees that it nor any of its employees, agents, independent contractors or other persons or organizations over which it has control, will disseminate or disclose any of Contractor's Proprietary Information to any person or organization not connected with Contractor, without the express written consent of Contractor. The City also agrees that it will undertake all necessary and appropriate steps to maintain the proprietary nature of Contractor's Proprietary Information.

CONSIDERATION

- A. Contractor shall be paid 15% of all new Sales and/or Use tax revenue received by the City as a result of audit and recovery work performed by Contractor (hereafter referred to as "audit fees"). New sales and/or use tax revenue shall not include any amounts determined by City or Contractor to be increment attributable to causes other than Contractor's work pursuant to this agreement. In the event that Contractor is responsible for an increase in the tax reported by businesses already properly making tax payments to the City, it shall be Contractor's responsibility to separate and support the incremental amount attributable to its efforts prior to the application of the audit

fee. Said audit fees will apply to state fund transfers received for back quarter reallocations and monies received in the first eight consecutive reporting quarters following completion of the audit by Contractor and confirmation of corrections by the State Board of Equalization. Contractor shall provide City with an itemized quarterly invoice showing all formula calculations and amounts due for audit fees.

Contractor shall obtain City approval prior to beginning the work of correcting tax reporting methodology or "point of sale" for specific businesses where said payment of the percentage fee will be expected. Said approval shall be accomplished by the City Administrator or his designated representative on the Sales Tax Audit Authorization form, a copy of which is attached as "Exhibit A." City shall pay audit fees upon Contractor's submittal of evidence of State Fund Transfers and payments to City from businesses identified in the audit and approved by the City.

- B. Upon written request of the City or Redevelopment Agency, Contractor shall establish the sales tax and audit data bases and shall provide the optional services referenced above for a fee of \$300.00 per month, invoiced quarterly (hereafter referred to as "monthly fee").
- C. Above sum shall constitute full reimbursement to Contractor for all direct and indirect expenses incurred by Contractor in performing audits including the salaries of Contractor's employees, and travel expenses connected with contacting local and out-of-state businesses and Board of Equalization representatives.

CITY MATERIALS AND SUPPORT

City shall adopt a resolution in a form acceptable to the State Board of Equalization and in compliance with Section 7056 of the Revenue and Taxation Code, authorizing Contractor to examine the confidential sales tax records of City. City further agrees to provide any information or assistance that may readily be available such as business license records within the City and to provide Contractor with proper identification for contacting businesses. City further agrees to provide copies of the monthly allocation reports received for the most recent five quarters from the execution of this agreement and to continue to provide copies of future allocation reports on computer readable magnetic media until such time as all audit adjustments have been completed by the State Board of Equalization and percentage reimbursements due the Contractor have been paid.

TERMINATION

This Agreement may be terminated by either party by giving 30 days written notice to the other of such termination and specifying the effective date thereof. Upon the presentation of such notice, Contractor may continue to work through the date of termination. Upon termination as provided herein, Contractor shall be paid the value of all tax analysis and reporting work performed less payments previously made by City. In ascertaining the value of the work performed up to the date of termination, consideration shall be given to amounts due for any unpaid invoices, and to businesses identified by Contractor which make tax payments after termination of this Agreement as a result of Contractor's work. After City receives said tax payments for such businesses, Contractor shall be paid the audit fees resulting from tax payments made by the business for back quarter reallocations and the first eight consecutive reporting quarters following completion of the audit by Contractor and confirmation of

corrections by the State Board of Equalization. Compensation for any audit work previously authorized and satisfactorily performed shall be made at the times provided in the preceding section entitled "Consideration."

All documents, data, surveys and reports prepared by Contractor pursuant to this Agreement shall be considered the property of the City and upon payment for services performed by Contractor, such documents and other identified materials shall be delivered to City by Contractor.

INDEPENDENT CONTRACTOR

Contractor shall perform the services hereunder as an independent contractor and shall furnish such services in his own manner and method, and under no circumstances or conditions shall any agent, servant, or employee of Contractor be considered as an employee of City.

NON-ASSIGNMENT

This Agreement is not assignable either in whole or in part by Contractor without the written consent of City.

ATTORNEY'S FEES

In the event a legal action is commenced to enforce any of the provisions of this Agreement, the prevailing party shall be entitled to recover its costs and reasonable attorney's fees.

GOVERNING LAW

The laws of the State of California shall govern the rights, obligations, duties and liabilities of the parties to this Agreement and shall also govern the interpretation of this agreement.

INDEMNIFICATION

Contractor hereby agrees to, and shall hold City, its elective and appointive boards, officers, agents and employees, harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for breach of confidentiality or property damage which may arise from Contractor's willful or negligent acts, errors or omissions or those of its employees or agents. Contractor agrees to and shall defend City and its elective and appointive boards, officers, agents and employees from any suits or actions at law or in equity for damages caused, or alleged to have been caused, by reason of any of the aforesaid willful or negligent acts, errors or omissions.

City hereby agrees to, and shall hold Contractor, its officers, agents and employees, harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for breach of confidentiality or property damage which may arise from City's negligent acts, errors or omissions under this Agreement. City agrees to and shall defend Contractor and its officers, agents and employees from any suits or actions at law or in equity for damage caused, or alleged to have been caused, by reason of any of the aforesaid negligent acts, errors or omissions.

NOTICE

All notices required by this Agreement shall be given to City and Contractor in writing, by personal delivery or first class mail postage prepaid, addressed as follows:

City: CITY OF CALEXICO
408 Heber Avenue
Calexico, CA 92231

Contractor: HINDERLITER, DE LLAMAS, & ASSOCIATES
2220 E. Alostia Avenue, Suite 205
Glendora, CA 91740

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first above written by their respective officers duly authorized in that behalf.

CITY:

CITY OF CALEXICO

Mayor

Gerardo S. Cordova
City Clerk

CONTRACTOR:

HINDERLITER, DE LLAMAS & ASSOCIATES
A California Corporation

Alvaro de Llamas

APPROVED AS TO FORM:

ER
City Attorney